



State Senator  
**Rick Gudex**

**District 18**

FOR IMMEDIATE RELEASE  
February 18, 2015

For More Information, contact:  
Sen. Gudex 608-266-5300

### **Legislative Council Study Committee Introduces Eight Bills Impacting Tax Incremental Financing**

**Madison**—Tax Incremental Financing or TIF, is the only tool available for Economic Development activities within our municipalities across the state and has been in use since 1975. In 2004, TIF law was expanded so that towns could also utilize the tool. TIF has been the subject of a Legislative Study Committee over the past several months. Sometimes the subject of much debate, discussion, controversy and misconceptions, TIF is extremely vital and needs to be tweaked to make it more transparent and accountable to taxpayers.

These bills aim to greatly improve the process, better define responsibilities and help to get positive results for the property taxpayers in the almost 1,200 active Tax Increment Districts throughout Wisconsin.

The implementation of TIF ultimately rests with the powers of the local government. This power yields an accountability factor that cannot be ignored or set aside for the sake of priorities, headlines, or an eagerness to complete projects. Local governments that have followed the recommended practices for due diligence and transparency steps will find it easier to comply with accountability requirements.

#### **Decrement, Distressed and Severely Distressed TID's**

Sometimes, due to the economy, or natural disaster, or other unforeseen problems things don't work out the way we planned. A TID will sometimes lose value after it is created, bringing the TID's assessed value below its base value. For that reason two of the bills that we introduced deal with decrement situations and address distressed and severely distressed TID's. These are two areas that have the potential to impact taxpayers negatively if they are not addressed properly. The general rule is that a TID must terminate at the earliest of the following events:

- All of the TID's project costs are repaid using the tax increments;
- The local legislative body dissolves the TID by resolution;
- The TID reaches its statutory maximum life span.

When a TID is terminated, any remaining moneys must be paid over to the taxing entities in proportion to the amount each has contributed. Thus, if a school district levy represents fifty percent of the levy the year a TID is terminated, then the school district shall receive fifty percent of the funds remaining after all liabilities of the district have been provided for.



State Senator  
**Rick Gudex**

**District 18**

### **TID fix bills**

Last session a change made by 2013 Wisconsin Act 145 increased state aid to technical college districts in order to reduce the total statewide levy of technical college districts. While I supported this bill, it has been brought to the committee's attention that this Act will negatively impact Tax Incremental Districts all across the state. For that reason, our bill would allow a municipality to amend a TID's project plan or extend the TID's maximum lifespan by an additional five years or both, if during the life of the TID, the annual and total amount of tax increment to be generated over the life of the district are adversely impacted by one or more of the following:

- A change made by The Department of Revenue to the way it calculates equalized value of property in the TID;
- An amendment to the provisions of TIF laws;
- A change made by 2013 ACT 145

The issues above have been identified as being troublesome for many TIDs around the state and will require legislative action if the bill isn't passed in a timely manner. Passing the bill will eliminate many of the TID fix bills that come before the legislature each session.

### **12% to 15% ratio**

Recently, The City of Kenosha had the great fortune to land the \$250 million Amazon Fulfillment Center and the 1,100 employees that come with it. Unfortunately, TIF law only allows a 12% ratio of TID value increments to total equalized value of taxable property in a municipality. Currently, Kenosha and many other municipalities are up against that 12% ratio. After much discussion, the committee came to the conclusion that the ratio should be raised to 15%. This will allow communities like Kenosha the latitude to pursue the types of businesses that compliment large Amazon type fulfillment centers and continue to properly use TIF as an alternative.

### **Joint Review Board Transparency**

The Joint Review Board has little responsibility or input in the TID creation and review process. The committee drafted a bill to provide additional responsibilities and transparency. The bill will require the local unit of government to submit an annual report that describes the status of each existing TID to each overlying taxing jurisdiction as well to the Department of Revenue by July 1<sup>st</sup> of each year. It also specifies the information that must be included in the annual report and included information on any developer that is named in a developer's agreement. It will also include the date that the TID is expected to terminate and a financial analysis of the TID. Furthermore, it requires every Joint Review Board to exist throughout the life of a TID and requires them to meet annually to review the report.

TIF is the only Economic Development tool that our municipalities currently have at their disposal. Every Legislator has a stake in their success. I call on my legislative colleagues to support these bills as they will enhance the Tax Incremental Financing System for local municipalities.

**[Please click here for a link to the Tax Incremental Financing Study committee information](#)**

###